



## **Independent Auditors' Report**

Mr. Martin J. Benison, Comptroller  
The Commonwealth of Massachusetts

We have audited the accompanying general purpose financial statements of the Commonwealth of Massachusetts ("Commonwealth") as of June 30, 2001, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the institutions of higher education and their blended component units listed in Note 1, which reflect 100% of the total assets and 100% of the total revenues of the University and College Fund Type. We did not audit either the financial statements of the Massachusetts Municipal Depository Trust or the financial statements of the Pension Reserves Investment Trust, the financial statements of which reflect 82.5% and 77.4% percent, respectively, of the total assets and total additions of the Fiduciary Fund Type. We did not audit the financial statements of the discretely presented component units listed in Note 1, which reflect 99.0% of the total assets and 99.5% of the total revenues of the Discretely Presented Component Units. We also did not audit the financial statements of the Massachusetts State Lottery Commission, the financial statements of which reflect 0.6% percent and 25.3% percent, respectively, of the total assets and total revenues of the Special Revenue Funds, and 27.3% and 3.3% of the assets and liabilities of the Fiduciary Fund Type. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities not audited by us included for the University and College Fund Type, Fiduciary Fund Type, Special Revenue Funds and the Discretely Presented Component Units referred to above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our report dated December 18, 2001 (March 14, 2002 with respect to the University and College Fund Type), we disclaimed an opinion on the University and College Fund Type because we were unable to obtain audited financial statements for significant entities included in the University and College Fund Type following the withdrawal by the auditors of the University of Massachusetts Building Authority (the "UMASS Building Authority") of their report on the

financial statements of the UMASS Building Authority and the withdrawal, in turn, by the auditors of the University of Massachusetts of their report on the University of Massachusetts' financial statements because they place reliance on the report of the auditors of the UMASS Building Authority. The UMASS Building Authority and the University of Massachusetts have since received and provided to us auditors' reports, dated March 18, 2002, which expressed unqualified opinions on the financial statements of the respective entities as of and for the year ended June 30, 2001. Accordingly, our present opinion on the general purpose financial statements of the Commonwealth for the year ended June 30, 2001, as expressed herein, is different than our prior report on such financial statements.

In our opinion, based upon our audit and the reports of the other auditors, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth as of June 30, 2001, and the results of its operations and the cash flows of its Internal Service Funds, Nonexpendable Trust Fund and Discretely Presented Component Units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, in fiscal year 2001 the Commonwealth changed its method of accounting for contributions in aid to conform with the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements and account group schedules, listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Massachusetts. These statements and schedules are also the responsibility of the management of the Commonwealth. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, based on our audit and the reports of other auditors, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The data included in the introductory and statistical sections of this report is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Commonwealth of Massachusetts. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

*Deloitte & Touche LLP*

December 18, 2001 (March 18, 2002 with respect to the University and College Fund Type)